

WASHINGTON STATE DEPARTMENT OF REVENUE

SPECIAL NOTICE

For further information contact:
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TO: Persons Collecting Washington State's Car Rental Tax

FROM: Department of Revenue, Taxpayer Services Division

SUBJECT: Car Rental Tax Still Due as of January 1, 2000 Tax on Car Rentals Unaffected by Initiative 695 (I-695)

On January 1, 2000, the provisions of Initiative 695 become effective and the state motor vehicle excise tax will be repealed. However, I-695 does not contain any language regarding RCW 82.08.020, which imposes the state car rental tax of 5.9 percent, or any of the statutes authorizing local car rental taxes. **Therefore, the state car rental tax and any local car rental taxes remain in effect, and must continue to be collected.**

The stated legislative intent of the car rental tax statute is to impose the tax *in lieu* of state and local motor vehicle excise taxes, from which rental cars are correspondingly exempted. Consequently, some vendors have assumed that the state and local car rental taxes are repealed under I-695 along with the motor vehicle excise tax. I-695 does not repeal the car rental taxes and the Department of Revenue does not have the authority to stop administering a statute and requiring the collection of the tax it imposes based on a statutory note of legislative intent. The Department will continue to collect the state and local car rental taxes until such time as the statutes are changed or repealed.

Please call the Department's Telephone Information Center at 1-800-647-7706 if you have any questions.

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